

Date of Meeting: November 7, 2012

**BOARD OF SUPERVISORS
ACTION ITEM**

#21d

SUBJECT: **Economic Development Committee Report / Air Cargo
- Support for North – South Corridor**

ELECTION DISTRICT: **Countywide**

CRITICAL ACTION DATE: **At the pleasure of the Board**

STAFF CONTACTS: **Thomas Flynn, Department of Economic Development
Rick Conner, Office of Transportation Services**

RECOMMENDATION:

Economic Development Committee: At the October 15, 2012 meeting of the Economic Development Committee the Committee voted 4-0-1 (Volpe absent) to recommend that the Board of Supervisors support the State's efforts to construct the North-South Corridor from Dulles Airport to Interstate 66 in order to support the passenger and cargo growth at Dulles International Airport.

BACKGROUND:

On October 15, 2012, the Economic Development Committee received a briefing (Attachment 1) from County and Metropolitan Washington Airport Authority staff on the Dulles air cargo initiative. During the briefing, staff presented information showing that the freight-forwarding business at the airport has created 607 jobs and nearly \$34 million in wages in Loudoun County.

Discussion of the briefing focused on benefits/advantages of air cargo operations at Dulles, as well as the obstacles to expansion of air cargo operations. There are several major competitive benefits/advantages, including Metropolitan Washington Airport Authority's plan to develop 400 acres of airport property along Route 606 for air cargo, the proximity of a majority (56%) of the country's population within 24 hours of road delivery from Dulles and the comparative low cost of air cargo. Dulles is 34% less costly than JFK airport in New York, New York.

Members of the Committee and staff discussed the critical need for transportation infrastructure improvements to airport access. There are congested road connections to Interstates 66 and 95, a need to widen Route 606 to provide viable truck access to the land designated for air cargo development and a need to enhance overall access to the airport. The point was made that this is not exclusively a north-south issue, but is also an east-west issue. When questioned regarding the impact on economic development, staff responded that 12 site selectors who visited the County

earlier this year all indicated that road access on the western side was a significant issue to economic development activities. Chairman York reiterated the need for the County to provide and support the infrastructure improvements to enable successful passenger and air cargo growth at Dulles, to get people on the roads and to support truck traffic for cargo. It was mentioned that a similar, more extensive discussion had occurred at a recent Transportation/Land Use Committee meeting.

Chairman York made a motion that the Economic Development Committee recommend to the Board that the Board of Supervisors adopt a resolution supporting VDOT's efforts to construct the North-South Corridor, officially a Corridor of Statewide Significance, in order to support passenger services and the expansion of air cargo at Dulles. The Committee then voted 4-0-1 (Volpe absent) in favor of this resolution.

FISCAL IMPACT:

The fiscal impact related to the North-South Corridor and other infrastructure improvements will need to be evaluated as plans develop.

DRAFT MOTIONS:

1. I move that the Board of Supervisors adopt a resolution supporting the State's efforts to construct the North-South Corridor, a Corridor of Statewide Significance, from Dulles Airport to Interstate 66 in order to support the passenger and cargo growth at Dulles International Airport and to further encourage the economic growth and jobs this brings to Loudoun County and Virginia.

-OR-

2. I move an alternate motion.

ATTACHMENT:

1. October 15, 2012 Economic Development Committee Information Item #5: Briefing on Air Cargo Initiative

Date of Meeting: October 15, 2012

**BOARD OF SUPERVISORS
ECONOMIC DEVELOPMENT COMMITTEE
INFORMATION ITEM**

#5

SUBJECT: Briefing on Air Cargo Initiative

ELECTION DISTRICT: Countywide

STAFF CONTACT: Tom Flynn, Director, Department of Economic Development

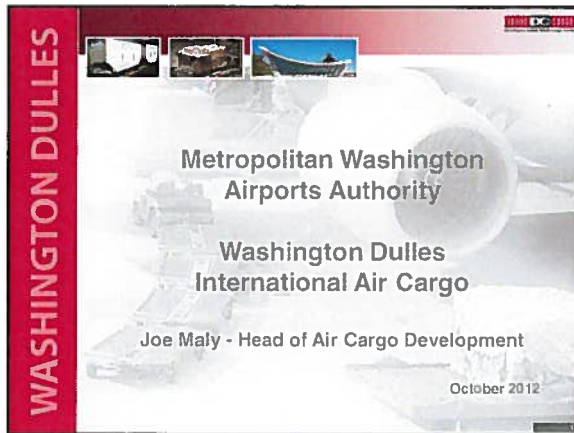
BACKGROUND:

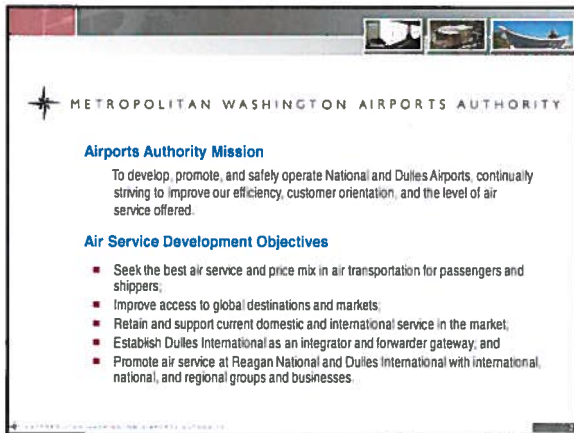
In January 2011, the Metropolitan Washington Airports Authority (MWAA) and the Department of Economic Development began a partnership to double air cargo at Washington-Dulles International Airport over the next ten years. As the airline industry continues to operate on tighter margins, airlines are increasingly looking to off-set costs with revenues from the cargo industry, particularly on international routes, thus leading to the air cargo initiative. While Dulles Airport has the on-airport capability to expand cargo operations, off-site operations are critical to the success of expanding the cluster. Freight forwarders, critical to air cargo operations; often prefer to locate off airport. Loudoun offers approximately 500 acres of industrial zoned land in close proximity to the airport.

This information item will update the ED Committee on the air cargo initiative, including opportunities, barriers and next steps for Dulles Airport and Loudoun County. Mr. Joe Maly, Head of Air Cargo Development for Washington-Dulles International Airport, will be present to brief the Committee along with Tom Flynn, Director of Economic Development.

ATTACHMENT(S):

- I. MWAA Air Cargo Presentation
- II. Loudoun Economic Development Air Cargo Presentation














Washington Dulles International Airport Has the Infrastructure Room for Expansion

- Four Runways
 - Two 3,500 meter / 11,480 feet
 - One 3,200 meter / 10,500 feet
 - One 2,895 meter / 9,500 feet
 - Fifth Runway planned for future
- Cargo Ramp
 - 93,000 sq meters / 1,001,050 sq feet
- Warehouse Space / 6 Cargo Buildings
 - 47,000 sq meters / 505,900 sq feet
- METRO Expansion coming to Dulles
- 400+ acres of available land for development
- Foreign Trade Zone #137




Washington Dulles International Western Land Area Dulles Cargo Expansion Initiative - Airport Support Zone



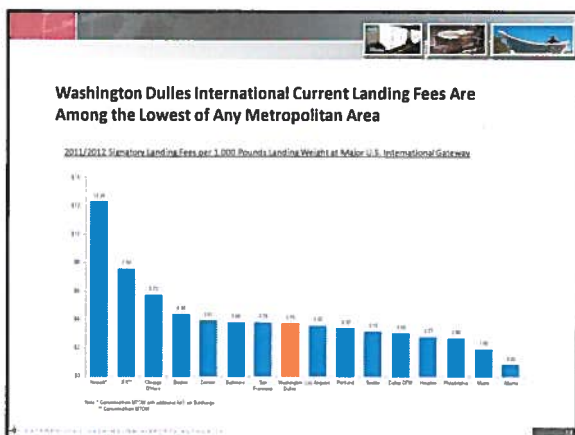
Air Cargo Service Priorities

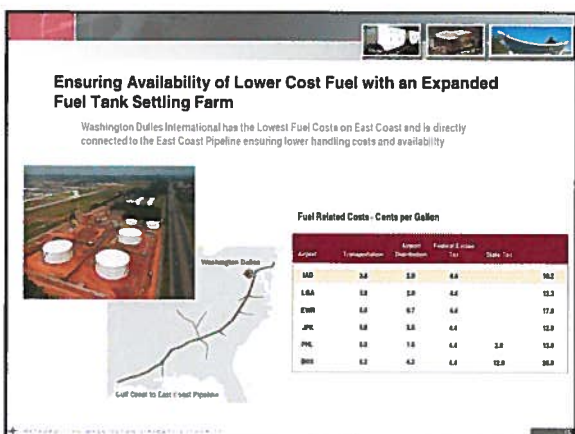
- Work with Airlines and RFS Providers to Increase Cargo Flow via Dulles within the Catchment Area i.e. Perishables / flowers / pharmaceuticals
- Develop Investor Interest in the Dulles Air Cargo Expansion Initiative (Western Land Development & Consolidated Perishable Center)
- Re-establish a Unified Cargo Association for Dulles Cargo Community
- Continue to Encourage Expansion and Promote Dedicated All-Cargo Freight Service
- Acquire Handling Equipment for Loading/Unloading All-Cargo Carriers to Increase Air Charter Activity

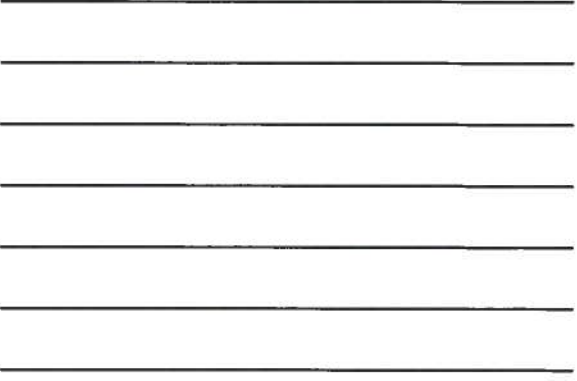
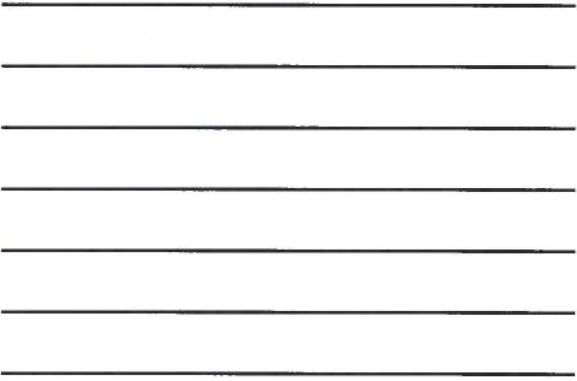


Marketing Washington Dulles International's Cargo Advantages

- Cost advantages vs. other airports (landing fees, fuel etc.)
- Available land for development, unique to congested East Coast
- Cooperative Work Environment (Economic Development Agencies)
- Cooperative Promotional Program for Airlines
- Catchment area which covers entire east coast within one-day drive, combined with extensive nonstop international network
- 24 carriers servicing 49 International Destinations



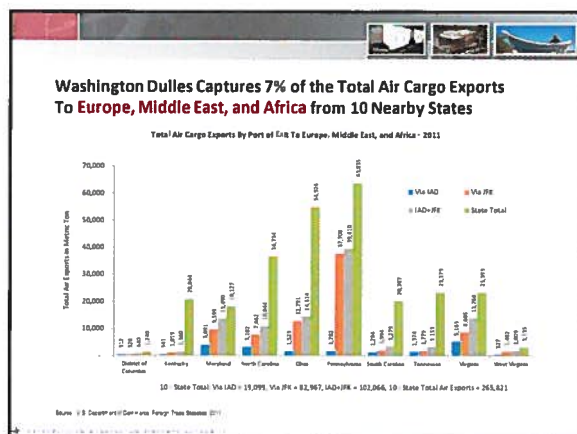




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姓名: _____ 学号: _____ 班级: _____

Source: U.S. Department of Commerce, Foreign Trade Statistics



WASHINGTON DULLES

Looking Ahead 2012

- Re-Establish a Unified Cargo Industry Association at Dulles
- Promote Dulles as a "Controlled Temperature Chain" Air Transport Hub for the Pharmaceutical Industry
- Develop Trade Lanes to Promote Fresh Cut Flower Imports and Perishable Commodities into the U.S.
- Develop initiative to build a Consolidated Perishable Center
- Actively Promote the "Cooperative Promotional Program"
- Establish an All-Cargo Freighter Service at Dulles International
- Update www.dullescargo.com Service Provider Directory

WASHINGTON DULLES

Thank you!

October 2012




**LOUDOUN
VIRGINIA**
ECONOMIC DEVELOPMENT
D.C.'s Technology Corridor

Loudoun Virginia

Department of Economic Development
biz.loudoun.gov
(703)777-0426

Air Cargo Initiative

- Partnership between MWAA, Loudoun and Virginia Economic Development Partnership (VEDP)
- Goal: Increase air cargo and freighter activity at Dulles
 - Airlines serving Dulles look at cargo business potential when considering adding or expanding service
 - Continued expansion of airline service at Dulles will be partially reliant on growth of air cargo at the airport



Economic Development Strategy

- Support the airport growth
- Increased airport operations allow for continued attraction of HQ and international companies
- Growth of high-tech manufacturing
- Growth of logistic businesses
 - Operations support: freight forwarders, warehousing and consolidation facilities
 - Cargo support: agriculture perishable products, pharma products, cold chain storage
- Diversification of Loudoun's Economy



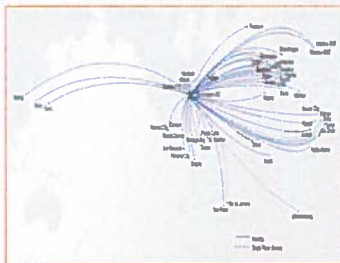
Economic Impact

Based on "Economic Impact Study – 2009" Prepared for MWAA by The Louis Berger Group, Inc in 2010

- Value of international freight handled at Dulles: \$5.7 billion
- Total value of domestic and export air cargo at Dulles: \$13.4 billion
- Freight forwarding and handling business employment and wages:
 - 1,178 jobs and over \$88 million in wages;
 - 607 jobs and \$36.8 million in wages in Loudoun County.



Dulles Airport: Loudoun's Connection to the World



- Service to 49 world cities connects us to more than 80 percent of the world's economies
- 83 domestic destinations
- 23.2 million passengers
- 303,000 tonnes of cargo



MWAA: CY 2011

Major Freight Forwarders



[illegible]

- Airport's plan to develop cargo city
- Airline operations cost 34% less than JFK
- Imports strong, from diverse markets
- 56% of USA population w/in 24hrs road delivery from Dulles
- Only East Coast airport with 400 acres room to grow, with prospects for leasehold interests for Loudoun
- Road Network: I-95, I-495, I-66, I-81, I-70, and I-270
- 500 acres available zoned land off airport property



Sector	Percentage
Office	41%
Industrial	33%
Flex	26%

- Built Inventory: Office, Flex, Industrial totals 43.1 million SF
- Industrial Inventory: 324 buildings totaling 14.7 million SF
- Average Building Size is 45,000 SF
- Average Rent \$7.83/nnn
- 8.8% Current Vacancy Rate (approximately 1.3 million SF available)

Opportunities

- Intercept cargo being trucked thru and from Virginia to New York.
- Metrorail provides access to an expanded workforce for industrial businesses
- Coordinate with VEDP to grow other necessary industries throughout the state
- Coordination with Port of Virginia
- Relationships lead to international business visits



Barriers

- Land cost translating to high rental rates; but still cheaper than JFK
- Industry inertia of business already at JFK, Philly, and Atlanta
- Lack of exports (planes 30% full)
- Connection to interstates/Route 606
- Dulles is not seen as a major Cargo Airport
- Lack of freighter (not all cargo can transport in the belly)
- Perceived lack of cargo carriers/capacity



Steps Taken

- Developer/Land Owner Stakeholder Roundtable (March 2011)
- Freight Forwarders Stakeholder Roundtable (April 2011)
- VEDP joins air cargo initiatives (April 2011)
- Familiarization Tour for Site Selectors (November 2011)
- Targeted outreach to key shippers in pharma and perishables sectors (September – December 2012)
- Targeted outreach in New York City to key regional forwarders (October 2012)



Successes

- Ethiopian Airlines began shipping perishables in January 2012
- Silkway Airlines opened sales and management offices at Dulles in August, 2012
- Freight Forwarders Activity:
 - Air Cartage Express: 15,600 square feet expansion
 - Cavalier Logistics: 15,000 square feet expansion
 - EZ Worldwide Express: 23,419 square feet new
 - Voyn Worldwide Logistics: 2,644 square feet new
 - Excel Group: 43,840 square feet new
 - Cargo Airport Services: 12,000 square feet on Dulles new
 - AtoZ Duty Free: 2,000 square feet on Dulles new



Next Steps

- Economic impact study update by MWAA
- Route 606: finalize engineering and develop funding options
- NYC trip Oct. 2012, meet forwarders
- VEDP and MWAA to tour state to promote shipping Dulles
- Meetings with MWAA and developers about on-premises freight facilities development
- Meetings with developers and design/build firms discussing feasibility of temperature controlled and cold chain facilities
- Awareness campaign to targeted shippers: pharma, perishables
- Leverage Dulles in recruitment to advanced manufacturing targets
- Press coverage of successes

